

STATE OF UTAH
WATER QUALITY STATE REVOLVING FUND
ANNUAL REPORT & FINANCIAL STATEMENTS
State Fiscal Year 2014



(Echo Sewer SSD – An SRF project currently under construction)

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Executive Summary

The Utah Water Quality Board (the Board) administers financial assistance programs through the Division of Water Quality including the Clean Water State Revolving Fund, the Utah Wastewater Loan Fund, and the Hardship Grant Funds. The Board is comprised of nine members who are appointed by the Governor. The Board's primary responsibilities in administering financial assistance funds include developing administrative rules for program implementation, authorizing loan and hardship grant/principal forgiveness amounts, and determining interest rates and loan terms.

The Division of Water Quality (DWQ) serves as staff for the Board and manages the day-to-day operations of the financial assistance programs. Those responsibilities include administering loans, providing construction assistance, and managing fund transactions. DWQ coordinates their efforts with the Department of Environmental Quality - Office of Support Services, the Utah Division of Finance, the Utah Attorney General's Office, and the State Treasurer's Office in order to meet all federal and state requirements.

Both direct and indirect costs are incurred by DWQ for the administration of the financial assistance programs. Those costs are funded with program revenues, which include Clean Water State Revolving Fund (SRF) administrative dollars and loan origination fees. Department of Environmental Quality employees charge time for eligible administrative work on the SRF program. Those employees are covered by the State of Utah personnel benefits plan. Indirect costs for general state expenses are also charged through a cost allocation plan.

Key program results at the end of Fiscal Year 2014 were:

- One hundred and twelve (112) loans have been closed since August 1988; one hundred and six (106) of those projects having completed construction.
- As of June 30, 2014, the total receivable amount on existing loans was \$176,138,504.
- During FY14, a total of \$2,991,280 was drawn from the federal line of credit (LOC) for projects under construction.
- SRF activity in FY14 included total loan disbursements of \$3,438,000; principal loan repayments of \$15,614,244; and, loan interest payments of \$662,505.
- The Federal Hardship fund activity included planning and design advance disbursements of \$1,923,500; hardship grant disbursements of \$3,529,880; advance and grant repayments of \$1,148,670; and, hardship assessment fee payments of \$2,002,864.
- Construction was completed on the new Santiquin City advanced wastewater treatment plant (\$17.7M) and construction was started on five SRF loan projects at Helper City (Phases 2 and 3), Midvalley Improvement District, Murray City, Coalville City, and Echo Special Services District.

Program History

Utah's Clean Water SRF was established pursuant to Title VI of the Federal Clean Water Act of 1987. The SRF provides low interest rate loans for the funding of water quality and wastewater infrastructure projects in Utah. The State of Utah – Department of Environmental Quality receives Capitalization Grants from the EPA and provides 20% in state matching funds for obligated grants. The SRF receives revenue from principal loan repayments, interest payments, and interest earned on the investment fund. Expenses for projects under construction are then disbursed from the SRF.

DWQ also operates a state loan program, which provides an alternative source of funding for certain water quality projects, providing additional flexibility for project development without some of the funding conditions or restrictions that accompany the SRF funds. State matching funds for the SRF are generated from this state loan program.

With approval from the Environmental Protection Agency (EPA), the State of Utah established a Federal Hardship Grant Program in 1993. This grant program is funded through hardship assessment fees charged in lieu of interest on SRF loans. The hardship grant assessment fees are deposited into a Federal Hardship Grant Fund, which is separate from the SRF. These monies are used to provide grants to communities that are otherwise financially unable to implement clean water projects with support from the loan programs.

Mission Statement

The mission of the Division of Water Quality is to protect, maintain, and enhance the quality of Utah's surface and underground waters for appropriate beneficial uses; and protect the public health through eliminating and preventing water related health hazards which can occur as a result of improper disposal of human, animal or industrial wastes while giving reasonable consideration to the economic impact.

Program Goals

Projects in the state that preserve and protect water quality will be considered for financial assistance. Funded projects may include construction of wastewater treatment plants, collection systems, on-site wastewater disposal, and non-point source improvements including storm water projects.

Long-Term Program Goals

1. Provide a sustainable funding source that enables communities to supplement or leverage local resources and/or other funding sources for development and implementation of valuable water quality projects.
 - All projects receiving loans through the SRF are required to make (at least) an annual repayment of principal. Since its inception, the fund balance has steadily increased. Cash flow projections indicate that the fund will continue to generate a repayment stream for the funding of future projects.

2. Distribute SRF funds to projects with the greatest need and water quality benefit based on a standardized system for evaluating, prioritizing, and subsequently funding proposed projects.
 - All projects receiving funding through the SRF meet a critical need as defined by the Utah State Project Priority System.
3. Provide sufficient and affordable project funding consistent with EPA's Sustainability Policy for water quality construction projects. Balance economic and water quality needs of a community with the perpetuity of the SRF.
 - All projects receiving funding through the SRF are evaluated for their ability to solve critical public health and water quality needs while recognizing community economic conditions. Projects are funded in a manner that will be protective of the environment, affordable to the community, and consistent with EPA's Sustainability Policy.
 - The DWQ conducts financial feasibility reviews of all proposed project that are based on engineering studies and facility plans conducted by SRF applicants prior to requesting Water Quality Board authorization to obligate SRF funds. This review includes an analysis of the value and priority of each project and of the construction loan amount and rate of interest that should be applied. The result of these reviews is to ensure that all funded projects will use loan funds effectively and that the applicants can reasonably afford to repay their loans while properly maintaining constructed systems and meeting their water quality objectives. Loans will not be authorized unless applicants are capable of repaying them.
 - The Hardship Grant Program was created specifically to provide (supplemental) funding for important water quality projects where the applicants are not able to secure sufficient loan funds due to financial hardship and other constraints.
4. Assist communities with life-cycle infrastructure planning and sustainable financing.
 - The Water Quality Board assists communities to address the need for adequate wastewater infrastructure. The Board recognizes that wastewater facilities must meet community and water quality needs throughout their design life and that these facilities must be flexible to accommodate growth and changing requirements within that period. Therefore, when helping communities provide wastewater infrastructure for existing and future users, the Board supports and requires strong community planning efforts to establish financial sustainability, coordinated growth, and cost effective development and provision of wastewater services.

Short-Term Program Goals

1. Authorize funding for projects listed in the Intended Use Plan by assisting communities to develop good projects during facility planning, the application process.

- Engineering Section staff works closely with communities to ensure facility planning satisfies water quality needs and program requirements. Staff supports applicants during application preparation to simplify this process, reduce paperwork and minimize delays and red tape.
2. Secure funding for through the federal EPA Capitalization Grant.
 - Engineering Section staff prepares the Intended Use Plan, Project Priority List, and Capitalization Grant application on an annual basis.
 3. Partner with other agencies to support large projects, improve project affordability, and support fund sustainability.
 - Engineering Section staff assists each community from the beginning stages of application, planning, and design and coordinates funding partnerships, particularly for large projects, with other public and private funding entities.

Financial Assistance Program Accomplishments

During FY14, the Board authorized funding for four (4) projects, namely Logan City, Coalville City, Santaquin City and Eagle Mountain City.

- Logan City was authorized an SRF loan for \$70,000,000 with an interest rate of three-quarters of a percent (0.75%) and repayable over twenty years. The funding will be used for the construction of a new mechanical wastewater treatment plant that will reduce phosphorus and nitrogen loading into the water quality impaired Cutler reservoir.
- Coalville City was identified as a disadvantaged community and the Board authorized a combination of loan and hardship grant funding for the construction of a new wastewater treatment facility. Although total project cost was estimated at \$13 million, the Water Quality Board was able to partner with the U.S. Department of Agriculture Rural Development. Therefore, the Board provided a UWLF loan for \$1,144,000 at a zero percent (0%) interest rate repayable over twenty years. An additional \$4,121,000 was authorized in the form of a Hardship Construction Grant. The project will reduce nutrient loading to meet TMDL allocations and support protection of the upper Weber River and impaired Echo Reservoir.
- Santaquin City received authorization for a \$76,000 Hardship Grant to complete the construction of its new wastewater treatment plant. This advanced (membrane bioreactor) wastewater treatment plant will enable to the City to incorporate Type 1 reuse (for unrestricted human contact) into its existing community pressurized irrigation system.
- Eagle Mountain City was authorized a combination of loan and hardship grant funding to upgrade an existing collection system and to construct a low pressure sewer and pump station for the White Hills subdivision. The \$490,000 loan is repayable over twenty years and will be charged an interest rate of one percent (1%). The Hardship Construction Grant was authorized for \$598,000.

Utah SRF funds are not fully obligated until loans are closed and funds for construction are therefore unavailable to communities until they are obligated. During Fiscal Year 2014, the Board closed three loans: Echo Sewer SSD, Coalville City, and Midvalley Improvement District. Echo Sewer SSD received a loan in the amount of \$469,000 from the SRF to construct a large underground wastewater disposal system project. All funds committed through the SRF are categorized by the EPA "Needs Category." Figure 1 shows the total amount of SRF dollars committed by Needs Category.

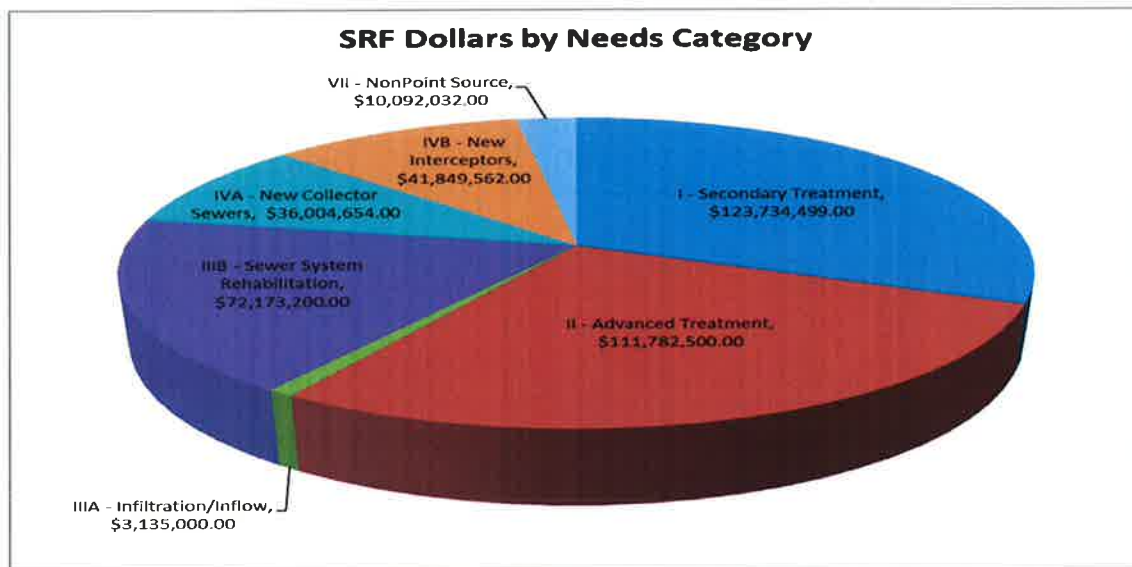


Figure 1

Both Coalville City and Midvalley Improvement District received loan funding through the state loan program. Coalville City received a \$1,144,000 loan for its new wastewater treatment facility, while Midvalley Improvement District received a \$1,645,000 loan for its pipeline replacement project.

Loan and hardship grant monies are disbursed from financial assistance program accounts for eligible costs incurred during the construction phase of projects. A total of \$12,427,000 was disbursed during Fiscal Year 2014.

- *SRF Disbursements* - A total of \$3,438,000 was disbursed for SRF projects under construction during FY14. Figure 2 shows the annual dollar amount of disbursements made from the SRF. Since 1989, total disbursements were \$397,108,000.

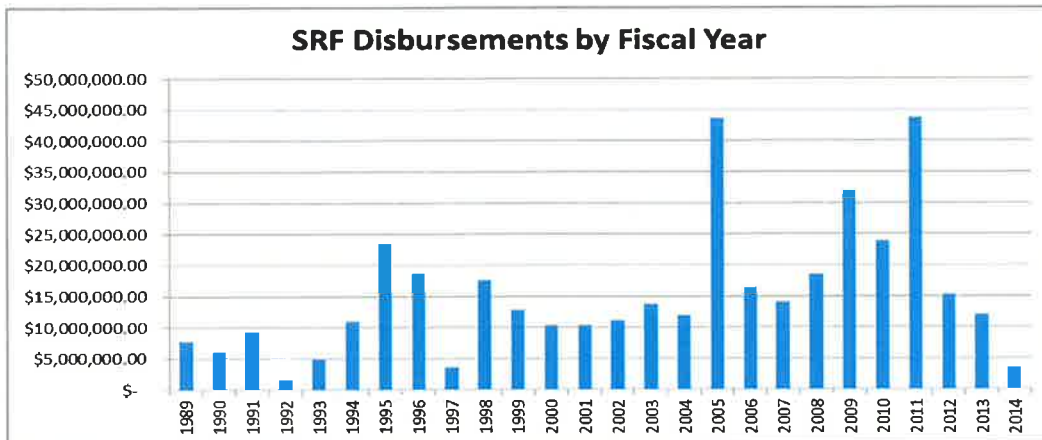


Figure 2

- *UWLF Disbursements* - A total of \$3,205,000 was disbursed including \$297,000 in state matching funds, \$1,564,000 for projects under construction, and \$1,344,000 for Division administrative costs.
- *Hardship Grant Funds Disbursements* - The Board awards advances to communities for planning and design work. The Board also uses monies from hardship grant funds to make awards for planning grants, construction grants, and non-point source grants. In FY14, \$5,453,000 was disbursed from the Federal Hardship Grant Fund and \$331,000 was disbursed from the State Hardship Grant Fund. Figure 3 demonstrates the combined total dollar amount and percentage of disbursements made by project type.

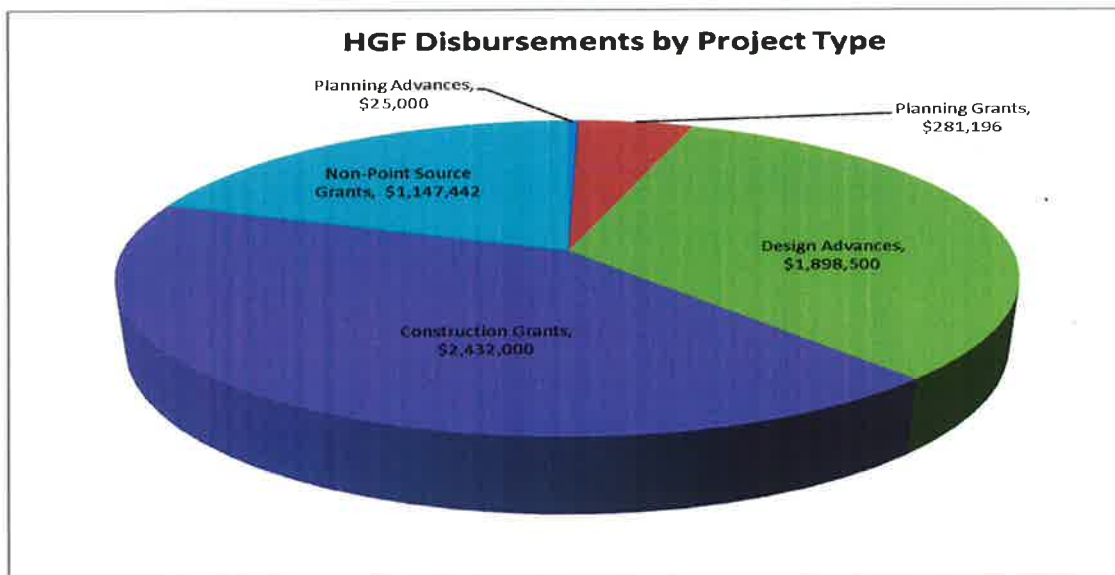


Figure 3

One construction project was completed construction during the year ended June 30, 2014. Santaquin City was an SRF project that received funding for the construction of a new membrane bioreactor (MBR) wastewater treatment facility to replace lagoons. The City chose



the MBR plant because of the small footprint and the high effluent quality. Since the City had recently constructed a pressurized irrigation system, it opted to reuse the effluent. Construction began in March 2012 and was completed in March 2014. Total project costs of \$18,326,000 were made possible through a successful partnership of the Utah SRF, Santaquin City, EPA's State and Tribal Assistance Grant fund (STAG), Central Utah Water Conservancy District, and U.S. Department of Agriculture Rural Development agency.

For the year ended June 30, 2014, there were a total of 112 SRF loans with 106 of those projects having completed construction. For further details of SRF loans, please see Table 1.

Operating Agreement Conditions

The State of Utah has twenty-four conditions in the SRF Operating Agreement with the EPA that set forth program, management, and financial policies and procedures to be implemented. The first twelve conditions have been met and require no further description:

1. Agreement to Accept Payments
2. State Laws and Procedures
3. State Accounting and Auditing Procedures
4. Recipient Accounting and Auditing Procedures
5. Use of the federal Letter of Credit (LOC)
6. Repayments
7. Annual Audit
8. Annual Report
9. Annual Review
10. Anti-lobbying
11. Drug Free Workplace
12. Rural Area Business Enterprise Development Plan

The remaining twelve conditions in the Operating Agreement have also been met and are described below:

13. Provide State Match - State match funds are derived from sales tax dollars that are deposited into the Utah Wastewater Loan Fund. As prescribed in the Intended Use Plan, the Division of Water Quality uses the total amount of state match required toward eligible project costs before making draws from the EPA Capitalization Grant.

14. Repayment Begins within One Year of Construction End – Principal and interest repayments of loans made through the SRF begin within one year of construction completion. This time allows revenue accumulation for one annual loan repayment.
15. Extended Term Financing – Utah ensures that the long-term revolving nature of the fund is protected. Based on Clean Water NIMS data, the three-year rolling average of annual loan commitments for 2012, 2013, and 2014 is \$7,903,800, which is below the established baseline of \$10,770,155. This low average is the result of projects experiencing delays during planning, design, or National Environmental Policy Act (NEPA) processes.
16. Expeditious and Timely Expenditure - Utah has disbursed all cash draws in a timely and expeditious manner. Construction has begun on all SRF projects within a short period after loans are closed. For details on federal cash draw details, please see Table 2 on page 23.
17. First Use for Enforceable Requirements - Prior to receiving the Capitalization Grant, Utah had met the requirements of Section 1382(b) (5) of the Clean Water Act. This section requires that all Capitalization Grant funds be used in a manner that assures maintenance of progress toward compliance with enforceable deadlines, goals, and requirements of the Clean Water Act.
18. Eligible Activities of the Fund - All projects that have received SRF loans have expended loan proceeds for eligible costs.
19. Compliance with Title II Requirements - In accordance with Section 1382 (b) (6) of the Clean Water Act, the SRF is required to meet sixteen specific Title II “equivalency” requirements for wastewater treatment projects under Section 212 which have been constructed, in whole or part, before October 1, 1994, with funds “directly made available by the Capitalization Grant.” The State has met equivalency requirements up to October 1, 1994 and documented that compliance in previous annual reports. Since there was no requirement under this statute beyond the October 1, 1994 date, there has been no additional reporting for equivalency in this report.
20. DBE Requirements - The State negotiated fair share utilization goals with Region VIII for participation on activities financed by the SRF. During the state fiscal year, the SRF program has met or exceeded the minimum Disadvantaged Business Enterprise (DBE) utilization program requirements. Construction projects have either implemented fair share utilization goals for DBE participation or have demonstrated that a good faith effort was made to provide opportunity for qualified DBE involvement.
21. Other Federal Authorities - The State and all recipients of SRF funds, which were made available directly by the Capitalization Grant, have complied with applicable federal authorities. Recipients of SRF assistance agreed to this as a condition of the bond agreement between the loan recipient and the State.

22. State Environmental Review Process - During the fiscal year, the State was actively involved in assisting potential SRF projects with planning. Environmental impacts are being carefully considered with each plan. No loans are closed with a community until a Categorical Exclusion, Finding of No Significant Impact, or Environmental Impact Statement is issued.
23. Cash Draw Procedures - Table 2 of this report includes the amount of funds drawn from the federal Letter of Credit (LOC) and from the state match for loan projects and administration during the fiscal year.
24. Outlay Projections - The FY14 Intended Use Plan (IUP) projected draws for loans from the federal LOC equal to \$6,767,000. During SFY 2014 a total of \$3,218,000 was actually drawn, which is approximately 48% of the projected amount. This was primarily due projects unable to proceed to loan closing because of planning, design, and environmental work delays.

Additional Subsidization

Not less than 20% but not more than 30% of the funds made available through the 2013 and 2014 Clean Water SRF capitalization grants must be used to provide additional subsidy to eligible recipients in the form of forgiveness of principal, negative interest loans, or grants. However, this requirement only applies to the portion of the federal appropriation that exceeds \$1 Billion. The minimum and maximum amounts that may be used toward the additional subsidization requirement are:

	<u>Minimum Amount</u>	<u>Maximum Amount</u>
FY 2013 Capitalization Grant	\$330,013	\$495,019
FY 2014 Capitalization Grant	\$400,623	\$600,934

Utah has applied a total of \$251,000 in additional subsidy to the FY13 requirement by providing principal forgiveness to Echo Sewer SSD. In order to meet the minimum requirement, an additional \$79,013 must be awarded to a future project. Utah has not yet applied additional subsidy funds to the FY14 requirement and is working diligently to fund a needed project in the upcoming year. Staff expects to meet this requirement when Eureka City and Francis City loans are closed.

Green Project Reserve

To the extent that there are sufficient eligible projects, not less than 10% of the funds made available through the 2013 and 2014 Clean Water SRF capitalization grants shall be used for projects to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities. The minimum amounts to be used toward the green project reserve requirement are:

	<u>Amount</u>
FY 2013 Capitalization Grant	\$700,600
FY 2014 Capitalization Grant	\$736,200

The State of Utah is in the process of meeting the FY13 green project reserve requirement as it has awarded a total of \$469,000 to Echo Sewer SSD. The remaining \$ 231,600 will be awarded

to a needed project during State Fiscal Year 2015 (Francis City land application). Utah has not yet applied any project funding toward the FY14 green project reserve requirement.

Current Program Status

Since its inception, the State Revolving Fund has been steadily increasing and has grown into a permanent source of financial assistance for the construction of water quality projects throughout the State of Utah.

Each year, there are water quality projects in Utah that do not receive funding directly from the SRF. Utah encourages community self-reliance through prudent planning and cooperative efforts to utilize other sources of available financial assistance.

Many of the larger wastewater treatment facilities located in high population areas of the State are able to afford construction financing without utilization of the State Revolving Fund. Medium-sized communities rely heavily on the SRF to provide additional assistance, making wastewater treatment affordable to their citizens. To achieve efficient and affordable public health and water quality solutions, communities with small populations use the USDA Rural Development and Utah Wastewater Project Assistance Program financing for loans and grants for their wastewater projects. The Utah Community Impact Board funding is used by communities located within impacted (mineral extracting) counties.

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY - STATE REVOLVING FUND
UNAUDITED STATEMENT OF NET ASSETS
June 30, 2014**

ASSETS

CURRENT ASSETS

Cash & Cash Equivalents	\$ 78,732,412
Receivables:	
Amount due from EPA	6,070
Amount due from State	1,003
Loan interest	656,643
Hardship assessments	550,736
Loans Receivable	<u>10,077,180</u>
Total current assets	90,024,044

NONCURRENT ASSETS

Loans receivable	<u>166,061,324</u>
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TOTAL ASSETS	<u>256,085,368</u>
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LIABILITIES AND NET ASSETS

LIABILITIES

CURRENT LIABILITIES

Deposits	-
Due to State	17,455
Due to Other Funds	10,821
Accounts Payable	<u>139,106</u>

TOTAL LIABILITIES	167,382
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NET ASSETS

Unrestricted	<u>255,917,986</u>
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TOTAL NET ASSETS	<u>\$255,917,986</u>
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**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY - STATE REVOLVING FUND
UNAUDITED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
June 30, 2014**

	<u>Total</u>
OPERATING REVENUES	
Loan interest	\$ 650,219
Hardship assessments	1,970,734
Late Fees	1,751
EPA Program Administration Fees	226,441
Loan Origination Fees	2,180
Total Operating Revenues	<u>2,851,325</u>
OPERATING EXPENSES	
Hardship grants	3,516,744
Principal Forgiveness	-
EPA Program Administration	317,401
Total Operating Expenses	<u>3,834,145</u>
OPERATING INCOME (LOSS)	<u>(982,820)</u>
NONOPERATING REVENUES (EXPENSES)	
Investment income	451,877
EPA capitalization grants - Loans	2,991,280
EPA capitalization grants - Principal Forgiveness	-
State match	296,720
Transfers in	90,960
Transfers out	(3,716,960)
Total nonoperating revenues(expenses)	<u>113,877</u>
CHANGE IN NET ASSETS	<u>(868,943)</u>
NET ASSETS, BEGINNING OF YEAR	<u>256,786,929</u>
NET ASSETS, END OF YEAR	<u>\$255,917,986</u>

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY - STATE REVOLVING FUND
UNAUDITED STATEMENT OF CASH FLOWS
June 30, 2014**

	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from loan interest and penalties	\$ 662,505
Cash received from hardship assessments	2,002,864
Loan origination fees received	2,180
Loans disbursed	(5,361,500)
Hardship grants disbursed	(3,529,880)
Principal received on loans receivable	16,762,914
Principal forgiveness disbursed	-
Grant awards	220,371
Program administration	(303,432)
Charges for services	-
Project administration	-
Net cash (required) by operating activities	<u>10,456,022</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Funds received from EPA capitalization grants - Loans	2,991,280
Funds received from EPA capitalization grants - Principal Forgiveness	-
Transfers in	90,960
Transfers out	(90,960)
Funds received from State of Utah	(3,329,280)
Net cash provided by noncapital financing activities	<u>(338,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Net investment income received	<u>451,877</u>
Net cash provided by investing activities	<u>451,877</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,569,899
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>68,162,513</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 78,732,412</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (982,820)
Changes in assets and liabilities related to operations:	
(Increase)/Decrease in loan interest receivable	10,534
(Increase)/Decrease in hardship assessments receivable	32,131
(Increase)/Decrease in amount due from EPA	(6,070)
(Decrease)/Increase in amount due from State	(1,000)
(Decrease)/Increase accounts payable	62,652
(Decrease)/Increase in amount deposits	(27,367)
(Decrease)/Increase in amount due to State	16,818
(Decrease)/Increase in amount due to Other Funds	(50,270)
(Increase)/Decrease accounts receivable	-
(Increase)/Decrease loans receivable	11,401,414
Net cash (required) by operating activities	<u>\$ 10,456,022</u>

NOTES TO STATE REVOLVING FUND FINANCIAL STATEMENTS

June 30, 2014

Unaudited

NOTE 1 – DEFINITION OF REPORTING ENTITY

The Utah Department of Environmental Quality, Division of Water Quality - State Revolving Fund (SRF or Fund) program was established pursuant to federal action in order to provide low interest rate loans to public wastewater systems for preservation and protection projects that meet eligibility requirements. The United States Environmental Protection Agency (EPA) allows up to four percent (4%) of the Capitalization Grant award to be used for administrative costs incurred by the program. Funding from the 4% administrative portion of the capitalization grant and from the collection of loan origination fees allows for the supervision of the SRF program as well as for oversight of individual projects.

The Water Quality Board (the Board) is comprised of nine members appointed by the Governor. The Board develops policies and procedures for program implementation and authorizes loans under the SRF program. The Utah Department of Environmental Quality (DEQ) and the Board jointly manage the SRF program. DEQ - Division of Water Quality reviews loan applications for eligibility, prioritizes eligible projects, monitors loan disbursements and repayments, and conducts project inspections. Through the Utah Code, the legislature has given the Board rule making authority that meets federal law requirements. The Board reviews each loan applicant to determine its ability to repay the loan, its readiness to proceed with the project, and its ability to complete the project.

The SRF program receives assistance and support from the Department of Environmental Quality - Office of Support Services, the Department of Administrative Services - Division of Finance, the Utah Attorney General's Office, and the State Treasurer's Office. Salaries and benefits of employees, as well as indirect costs based on direct salary costs, are accumulated in the state's general fund and charged to the SRF based on actual time spent on SRF activities. Employees who charge time to the SRF are covered by the State of Utah personnel benefits plan. The SRF program is funded by a series of capitalization grant awards from EPA. Grant conditions require States to provide twenty percent (20%) matching funds to the federal Capitalization Grant.

The Fund follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The SRF program and activities are included in the Utah Comprehensive Annual Financial Report (CAFR) as part of the Proprietary Funds (Water Loan Programs). The SRF assets, liabilities, and net assets are combined with other state programs and are not separately identifiable.

NOTES TO STATE REVOLVING FUND FINANCIAL STATEMENTS

June 30, 2014

Unaudited

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Fund conform to generally accepted accounting principles as applicable to a governmental unit accounted for as a proprietary enterprise fund. The enterprise fund is used since the Fund's powers are related to those operated in a manner similar to a for profit business where an increase in net assets is an appropriate determination of accountability.

Basis of Accounting

The SRF financial statements are presented as an enterprise fund. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the cash flows. All assets and liabilities associated with the operation of the SRF are included in the statement of net assets. The SRF has elected to follow the accounting pronouncements of the Governmental Accounting Standards Board (GASB), as well as statements issued by the Financial Accounting Standards Board (FASB) on or before November 30, 1989, unless the pronouncements conflict with or contradict GASB pronouncements.

Cash and Cash Equivalents

In accordance with the Money Management Act, Section 51-7 of the Utah Code, the State Treasurer administers cash and manages investments in the State. The Money Management Act specifies the investments that may be made, which are only high-grade securities. Investments include variable rate corporate notes and obligations of U.S. government agencies that base their rates on standard quoted money market indexes that have a direct correlation to the federal funds rate. Therefore, there is very little market risk because the investments follow the normal swings of interest rates. Cash equivalents are generally considered short-term highly liquid investments with maturity of three months or less from the purchase date.

All funds deposited with the Treasurer are considered to be cash or cash equivalents regardless of the actual maturities of the underlying investments in the statement of cash flows. Investments in debt and equity securities are reported at fair value in the statement of net assets, and all investment income, including changes in the fair value, are reported in the statement of revenue, expenses, and changes in fund net assets.

Operating Revenues and Expenses

The SRF distinguishes between operating revenues and expenses and non-operating items in the statements of revenues, expenses and changes in net assets. Operating revenues and expenses generally result from carrying out the purpose of the SRF, which is to provide low interest loans to communities and provide assistance for prevention programs and administration. Operating revenues consist of loan interest repayments from borrowers. Operating expenses include allocated direct salary costs and benefits, allocated indirect costs and allowance for bad debt. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses or capital contributions.

NOTES TO STATE REVOLVING FUND FINANCIAL STATEMENTS

June 30, 2014

Unaudited

The EPA capitalization grant and the associated State match are recorded as capital contributions, except for principal forgiveness which is reported as non-operating revenue, and the 4% administrative match which is reflected as operating revenue.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When both restricted and unrestricted resources are available for use, it is the Fund's policy to follow the State of Utah's policy as defined in the State of Utah Comprehensive Annual Financial Report.

Hardship Assessments

The Board has the option to charge a hardship assessment in lieu of interest on loans made from the repayment stream (2nd Round). Hardship assessments are calculated and paid in the same manner as interest. The restriction for the use of hardship assessments differs from the restriction for the use of interest. Hardship assessments can be used for purposes other than loans, including grants to disadvantaged communities. As of June 30, 2014, accumulated unspent hardship assessments total \$8,515,981.

Loan Origination Fee

The Water Quality Board may charge a Loan Origination Fee up to 1% of the principal loan amount. This fee may be used for any allocable activities under the Act and administration of the loan program. As of June 30, 2014, accumulated unspent loan origination fees total \$434,950.

Budgets

The SRF, as an enterprise fund of the State, does not require appropriation, and therefore, the SRF is not included in Utah's annual appropriation.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes during the reporting period. Actual results could differ from those estimates.

Loans Receivable

Loans are funded by capitalization grants from the EPA, State matching funds, loan repayments and interest earnings. Interest is calculated from the date that funds are advanced. After the final disbursement has been made, the loan agreement is adjusted for the actual amounts disbursed. Loans are amortized for up to 30 years. Loan repayments must begin within one year of construction completion and are made on an annual basis.

NOTES TO STATE REVOLVING FUND FINANCIAL STATEMENTS

June 30, 2014

Unaudited

For projects receiving principal forgiveness grants, monies are advanced and forgiven as each disbursement occurs. Loan agreements require repayment of the forgiven loan if all program requirements are not met.

Allowance for Bad Debts

The allowance for bad debts is established as losses are estimated to have occurred through a provision for bad debts charged to earnings. Loans receivable are charged against the allowance for bad debts when management believes that the uncollectibility of the principal is probable. The allowance for bad debts was \$0 at June 30, 2014.

NOTE 3 – CASH AND INVESTMENTS

All monies of the SRF are deposited with the Utah State Treasurer and are considered cash and cash equivalents. All cash deposited with the State Treasurer is maintained by the Treasurer in various pooled investment funds. The State Treasurer invests the deposited cash, including the cash float, in short term securities and other investments.

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF) investment pool. The PTIF is available for investment of funds administered by any Utah public treasurer. Participation is not required and no minimum balance or minimum/maximum transaction is required. State agencies and funds that are authorized to earn interest also invest in the PTIF as an internal investment pool. No separate report as an external investment pool has been issued for the PTIF. Details of the investments of the PTIF can be obtained from the State Treasurer.

The PTIF is not registered with the SEC as an investment company and is not rated. The PTIF is authorized and regulated by the Utah Money Management Act, (Utah Code Title 51, Chapter 7). The Act establishes the Money Management Council, which oversees the activities of the State Treasurer and the PTIF. The Act lists the investments that are authorized which are high-grade securities which minimizes credit risk except in the most unusual and unforeseen circumstances.

Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

Income, gains and losses, and net of administration fees of the PTIF are allocated to participants on the ratio of the participants' share of the total funds in the PTIF based on the participant's average daily balance. The PTIF allocates income and issues statements on a monthly basis. Twice a year, at June 30 and December 31, the investments are valued at fair value. The SRF has adjusted the PTIF funds to fair value as of June 30, 2014.

NOTES TO STATE REVOLVING FUND FINANCIAL STATEMENTS

June 30, 2014

Unaudited

Investments in PTIF are not categorized because they are not evidenced by securities that exist in physical or book entry form. Cash and cash equivalents are presented below:

Pooled cash held by State Treasurer	\$ 255,185
Public Treasurer's Investment Fund	<u>78,477,227</u>
Total cash and cash equivalents	\$78,732,412

NOTE 4 – LOANS RECEIVABLE

Loans are made to qualifying entities for projects that meet eligibility criteria. The SRF loan awards are comprised of the following funding sources: (1) the federal EPA Capitalization Grants; (2) State match funds; (3) loan repayments; (4) interest payments; and (5) SRF interest earnings. Projects are funded through the purchase of incremental disbursement bonds and proceeds are deposited into an escrow account based on a quarterly schedule of anticipated costs. Loan interest begins accruing when funds are deposited in the escrow account. Principal repayment must begin no later than one year after the completion of the project. Effective interest rates and hardship assessments on loans vary between 0.0 and 5.0 percent and are generally repaid over 20-30 years. The interest rates on the loans are generally lower than market rates and, in some cases, are non-interest bearing. Loans mature at various intervals and recipients make annual payments.

Loans mature at various intervals through June 30, 2043 and the scheduled principal repayments on loans follows:

LOANS RECEIVABLE	
Year Ending June 30,	Amount
2015	\$10,077,180
2016	11,025,118
2017	11,172,029
2018	10,927,596
2019	11,163,669
2020 – 2024	54,458,015
2025 – 2029	42,479,220
2030 – 2034	18,856,677
2035 – 2039	4,650,000
2040 – 2043	1,329,000
	\$176,138,504

NOTES TO STATE REVOLVING FUND FINANCIAL STATEMENTS

June 30, 2014

Unaudited

Loans to Major Local Agencies

The Fund has made loans to the following major local agencies. The aggregate outstanding loan balances for each of these agencies exceed 5 percent of total loans receivable. The combined outstanding loan balances at June 30, 2014 of these major local agencies represent approximately 44 percent of the total loans receivable and are as follows:

LOANS TO MAJOR LOCAL AGENCIES		
Borrower	Authorized Loan Amount	Outstanding Loan Balance
Central Valley Water Reclamation	\$ 35,000,000	\$ 9,077,000
Central Weber Sewer Improvement	11,055,000	9,697,623
Hooper City	12,665,000	10,955,000
North Davis County Sewer	21,650,000	18,379,000
Orem City	15,389,000	10,938,757
South Valley Water Reclamation	22,110,000	19,245,000
Total	\$ 117,869,000	\$ 78,292,380

NOTE 5 – DUE TO STATE OF UTAH

Due to State of Utah balances are an aggregation of amounts due to employees for salaries and benefits and/or vendors and miscellaneous suppliers paid by the state.

NOTE 6 – CAPITAL CONTRIBUTIONS

The following table summarized the activity of the State's Clean Water Revolving Loan Fund by award year:

CAPITAL CONTRIBUTIONS					
Year	Grant Award	Funds Drawn as of June 30, 2013	Funds Drawn During Year Ended June 30, 2014	Total Funds Drawn as of June 30, 2014	Available Funds as of June 30, 2014
1988 – 2005	\$135,393,094	\$135,393,094	\$ -	\$135,393,094	\$ -
2006	4,560,700	4,560,700	-	4,560,700	-
2007	5,596,300	5,596,300	-	5,596,300	-
2008	3,521,700	3,521,700	-	3,521,700	-
2009	3,521,600	3,521,600	-	3,521,600	-
2009 ARRA	20,649,900	20,649,900	-	20,649,900	-
2010	10,736,000	10,736,000	-	10,736,000	-
2011	7,759,000	7,759,000	-	7,759,000	-
2012	7,422,000	7,197,681	224,319	7,422,000	-
2013	7,006,000	-	2,993,401	2,993,401	4,012,599
2014	7,362,000	-	-	-	7,362,000
Totals	\$213,528,294	\$198,935,975	\$3,217,720	\$202,153,695	\$11,374,599

NOTES TO STATE REVOLVING FUND FINANCIAL STATEMENTS

June 30, 2014

Unaudited

The following table summarizes the amount of state contributions made to meet match requirements of the EPA grant:

State match paid as of June 30, 2013	\$37,818,524
State match paid during the year ended June 30, 2014	<u>296,720</u>
State match paid as of June 30, 2014	\$38,115,244

NOTE 7 – RISK MANAGEMENT

The SRF is included in Utah's Risk Management Fund, which provides insurance in case of loss or claims against the SRF. The State has elected, with a few exceptions, to be self-insured against loss or liability. There have been no significant reductions in insurance coverage from the prior year. In addition, settled claims have not exceeded insurance coverage in the last three fiscal years. Refer to the State's Risk Management disclosure in the June 30, 2014 Comprehensive Annual Financial Reports.

NOTE 8 – CONTINGENCIES AND SUBSEQUENT EVENTS

As of June 30, 2014, the total remaining draws for SRF projects with closed loans was \$2,472,000. Draws will be completed during future fiscal years in order to complete wastewater projects in these communities. As of June 30, 2014, the Board had authorized an additional \$79,303,000 in loan funding for five communities. However, loan closing had not been completed for these projects.

NOTE 9 – NET ASSETS

Governmental Accounting Standards Board Statement No. 34 provides for three components of net assets: invested in capital assets, net of related debt, restricted and unrestricted. As of June 30, 2014, the Fund had no restricted net assets or net assets invested in capital assets, net of related debt. Unrestricted net assets consists of net assets that do not meet the definition of invested in capital assets, net of related debt or restricted. Although the Fund reports unrestricted net assets on the face of the statements of net assets, unrestricted net assets are to be used by the Fund for the payment of obligations incurred by the Fund in carrying out its statutory powers and duties and are to remain in the Fund.

SUPPLEMENTARY INFORMATION

TABLE 1

**UTAH STATE REVOLVING FUND
FINANCIAL ASSISTANCE PROVIDED THROUGH JUNE 30, 2014**

Project Number	Recipient Name	Type L = Loan PF = Principal Equivalency Forgiveness	Interest Rate	Hardship Assessment Rate	Term	SRF Needs Category	Assistance Amount	Binding Commitment	Construction Start	Construction Completion
1	Smithfield City	x	0.00%		20 yrs	IVa&b	3,630,300	Aug-88	Aug-88	Aug-90
2	South Davis SID - North	x	3.00%		20 yrs	I	4,498,000	Jan-89	Sep-88	Oct-91
3	Central Davis SID - Ph 4	x	3.00%		20 yrs	I	1,250,000	Feb-89	Feb-89	Aug-91
4	Providence City	x	0.00%		18 yrs	IVa & b	3,500,000	Sep-89	Nov-90	Jan-91
5	Solitude ID Phase I	x	0.00%		20 yrs	IVb	2,993,000	Mar-90	Apr-90	Jan-92
6	Central Davis SID - Ph 5&6	x	3.00%		20 yrs	I	1,150,000	Apr-90	Feb-89	Aug-91
7	Central Davis SID - Ph 5&6	x	5.00%		20 yrs	I	850,000	Apr-90	Jan-90	Jun-91
8	South Davis SID - North	x	5.00%		20 yrs	I	4,205,000	Aug-90	Feb-89	Nov-92
9	Solitude ID (phase II & III)	x	0.00%		20 yrs	IVb&IVa	2,376,716	May-91	Apr-90	May-91
10	Hyde Park City	x	0.00%		18 yrs	IV b	800,000	Dec-91	Jan-92	Mar-95
11	Weber City	x	0.00%		20 yrs	IVb&IVa	3,056,000	May-92	Jul-92	Oct-95
12	South Davis SID - South	x	4.00%		20 yrs	I	4,475,000	Sep-92	Oct-92	Oct-95
13	Aurora City	x	0.00%		20 yrs	IVb IVa&I	965,000	Apr-93	Nov-93	Sep-94
14	Timpanogos SD (sludge)	x	3.50%		10 yrs	II	1,300,000	Jun-93	Jun-93	Dec-93
15	St George City	x	3.50%		20 yrs	I	4,000,000	Dec-93	Nov-94	Oct-98
16	Santaquin City	x	0.00%		20 yrs	IVb IVa&I	1,307,000	Feb-94	Apr-94	Dec-93
17	Orem City	x	3.50%		20 yrs	I	3,500,000	Apr-94	Aug-94	Jun-97
18	North Davis Co. SID	x	0.00%		20 yrs	II	4,000,000	Jun-94	Aug-94	Apr-96
19	Snyderville Basin SID	x	3.50%		20 yrs	I	2,500,000	Jun-94	Aug-94	Jun-97
20	Magna ID	x	0.00%		20 yrs	IVb, I	2,320,000	Jun-94	Jul-94	Jul-95
21	Timpanogos SD	x	4.00%		20 yrs	II	2,900,000	Jul-94	Jul-94	Apr-96
22	Cedar City	x	2.75%		20 yrs	I, II & IVb	12,010,000	Aug-94	Sep-94	Jun-97
23	Provo City	x	3.50%		7 yrs	II	1,185,000	Apr-95	Apr-95	Oct-86
24	Jordanella SAD	x	3.00%		10 yrs	IVb	2,736,000	May-95	May-95	Dec-01
25	Midway Sanitation District	x	3.00%		10 yrs	IVb	151,000	May-95	May-95	Dec-01
26	Mapleton City	x	0.00%		15 yrs	IVa & IVb	6,330,000	Jun-95	Jul-95	Dec-96
27	Snyderville Basin SID	x	5.00%		20 yrs	II	1,500,000	Jul-95	Aug-95	Apr-97
28	Granville City	x	0.00%		20 yrs	I	3,278,000	Aug-95	Sep-95	Oct-96
29	Moab City	x	4.50%		20 yrs	I	1,821,000	Sep-96	Oct-96	Mar-98
30	Highland City	x	4.00%		10 yrs	IVa & b	2,176,000	May-97	Apr-97	Apr-99
31	Central Davis Co. SD	x	4.50%		20 yrs	I	5,100,000	Jul-97	Aug-97	Oct-99
32	Nibley City	x	0.00%		30 yrs	IVa & b	6,104,000	Jul-01	Aug-01	May-04
33	St. George City	x	1.00%		20 yrs	I & II	12,000,000	Sep-97	Oct-97	Aug-02
34	Mapleton City	x	0.00%		20 yrs	IVa&b	3,070,000	Dec-97	Jul-95	Dec-96
35	Tooele City	x	3.50%		20 yrs	I & II	7,570,000	Dec-97	Jan-98	Apr-01
36	Washington City	x	2.00%		20 yrs	Ib&IIIIa	3,356,000	May-99	Jun-99	Jul-03
37	Epitram City	x	3.60%		20 yrs	I	2,100,000	Sep-99	Oct-99	Jul-00
38	Minersville City	x	1.00%		20 yrs	I	525,000	Sep-99	Oct-99	Mar-00
39	Escalante City	x	2.00%		20 yrs	I	563,000	Oct-99	Oct-99	Mar-00
40	Richfield City	x	4.00%		20 yrs	IIb	4,000,000	Nov-99	Jan-99	Aug-02
41	Price River WID	x	4.00%		20 yrs	I	1,000,000	May-00	Jun-00	Mar-01
42	Green River City	x	0.00%		20 yrs	IIb	870,000	Jun-00	Jul-00	May-02
43	Salina City	x	1.00%		20 yrs	IIb & IVb	2,725,000	Sep-00	Sep-00	Nov-03
44	Salina City (increase)	x	1.00%		20 yrs	IIb & IVb	400,000	Aug-00	Sep-00	Nov-03
45	Snyderville Basin (PR)	x	2.00%		10 yrs	I	4,190,000	Dec-00	Feb-01	Oct-03
46	Sunnyside City	x	0.00%		20 yrs	IIb	635,000	Apr-01	May-01	Oct-02
47	West Haven SD	x	0.00%		20 yrs	I & IVb	6,536,000	Apr-01	May-01	Nov-03
48	Hildale City	x	0.00%		20 yrs	I	1,585,000	Aug-01	Sep-01	Nov-02
49	Payson City	x	4.00%		20 yrs	I	7,479,000	Aug-01	Sep-01	Oct-04
50	Bear Lake SSD	x	0.00%		20 yrs	I & IVb	2,230,000	Jul-03	Aug-03	Jul-07
51	Beaver City	x	4.00%		20 yrs	I	2,050,000	Dec-01	Feb-02	Jul-03
52	Oakley City	x	0.00%		20 yrs	I	400,000	Jul-02	Aug-02	Jun-03
53	South Salt Lake City	x	0.00%		20 yrs	I	1,230,000	Aug-02	Non-02	Dec-99
54	Mapleton City	x	0.00%		30 yrs	IIa & IVb	1,100,000	Feb-04	Jul-04	Jun-04
55	Nibley City (increase)	x	0.00%		30 yrs	IIa & IVb	1,360,000	Feb-03	Mar-03	May-04
56	Nibley City (increase)	x	0.00%		30 yrs	IIa & IVb	275,000	Jan-04	Mar-03	May-04
57	Hyrum City	x	1.30%		20 yrs	I	4,229,000	Dec-03	Aug-03	Feb-05

TABLE 2
UTAH STATE REVOLVING FUND
CASH DRAW SCHEDULE FOR STATE FISCAL YEAR 2014

Recipient Name	Project Number	Source of Draws		Total Funding Amount	Previously Disbursed	SFY 2014 July - Sept 1st Qtr	SFY 2014 Oct - Dec 2nd Qtr	SFY 2014 Jan - Mar 3rd Qtr	SFY 2014 Apr - June 4th Qtr	SFY 2014 Total	*Balance of Funding
		Cap Grant ♦	Second Round ●								
Echo SSD		♦		469,000	0	0	218,000	0	0	218,000	251,000
Keams Improvement District	192	♦		7,615,000	2,930,000	1,000,000	0	1,170,000	900,000	3,070,000	1,615,000
South Valley WRF	162		●	22,110,000	21,805,000	0	150,000	0	0	150,000	155,000
DWQ Administrative Costs						69,338	70,343	62,046	24,814	226,541	
TOTAL				30,194,000	24,735,000	1,069,338	438,343	1,232,046	924,814	3,664,541	2,021,000
Federal LOC						772,618	288,343	1,232,046	924,814	3,217,821	
State Match						296,720	0	0	0	296,720	
SRF Repayment Fund						0	150,000	0	0	150,000	

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY - STATE REVOLVING FUND
UNAUDITED COMBINING STATEMENT OF NET ASSETS
June 30, 2014**

	SRF Fund	Loan Origination Fee Fund	Hardship Fund	Total
ASSETS				
CURRENT ASSETS				
Cash & Cash Equivalents	\$ 69,781,481	\$ 434,950	\$ 8,515,981	\$ 78,732,412
Receivables:				
Amount due from EPA	6,070	-	-	6,070
Amount due from State	3	-	1,000	1,003
Loan interest	656,643	-	-	656,643
Hardship assessments	-	-	550,736	550,736
Loans Receivable	10,041,503	-	35,677	10,077,180
Total current assets	80,485,700	434,950	9,103,394	90,024,044
NONCURRENT ASSETS				
Loans receivable	163,586,188	-	2,475,136	166,061,324
TOTAL ASSETS	244,071,888	434,950	11,578,530	256,085,368
LIABILITIES AND NET ASSETS				
LIABILITIES				
CURRENT LIABILITIES				
Deposits	-	-	-	-
Due to State	17,455	-	-	17,455
Due to Other Funds	-	-	10,821	10,821
Accounts Payable	-	-	139,106	139,106
TOTAL LIABILITIES	17,455	-	149,927	167,382
NET ASSETS				
Unrestricted	244,054,433	434,950	11,428,603	255,917,986
TOTAL NET ASSETS	\$244,054,433	\$ 434,950	\$ 11,428,603	\$255,917,986

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY - STATE REVOLVING FUND
UNAUDITED COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
June 30, 2014**

	SRF Loan Fund	Loan Origination Fee Fund	Hardship Fund	Total
OPERATING REVENUES				
Loan interest	\$ 650,219	\$ -	\$ -	\$ 650,219
Hardship assessments	-	-	1,970,734	1,970,734
Late Fees	1,751	-	-	1,751
EPA Program Administration Fees	226,441	-	-	226,441
Loan Origination Fees	-	2,180	-	2,180
Total Operating Revenues	878,411	2,180	1,970,734	2,851,325
OPERATING EXPENSES				
Hardship grants	-	-	3,516,744	3,516,744
Principal Forgiveness	-	-	-	-
EPA Program Administration	317,401	-	-	317,401
Total Operating Expenses	317,401	-	3,516,744	3,834,145
OPERATING INCOME (LOSS)	561,010	2,180	(1,546,010)	(982,820)
NONOPERATING REVENUES (EXPENSES)				
Investment income	408,450	-	43,427	451,877
EPA capitalization grants - Loans	2,991,280	-	-	2,991,280
EPA capitalization grants - Principal Forgiveness	-	-	-	-
State match	296,720	-	-	296,720
Transfers in	90,960	-	-	90,960
Transfers out	(3,626,000)	(90,960)	-	(3,716,960)
Total nonoperating revenues(expenses)	161,410	(90,960)	43,427	113,877
CHANGE IN NET ASSETS	722,420	(88,780)	(1,502,583)	(868,943)
NET ASSETS, BEGINNING OF YEAR	243,332,013	523,730	12,931,186	256,786,929
NET ASSETS, END OF YEAR	\$244,054,433	\$434,950	\$11,428,603	\$255,917,986

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY - STATE REVOLVING FUND
UNAUDITED COMBINING STATEMENT OF CASH FLOWS
June 30, 2014**

	SRF Loan Fund	Loan Origination Fee Fund	Hardship Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from loan interest and penalties	\$ 662,505	\$ -	\$ -	\$ 662,505
Cash received from hardship assessments	-	-	2,002,864	2,002,864
Loan origination fees received	-	2,180	-	2,180
Loans disbursed	(3,438,000)	-	(1,923,500)	(5,361,500)
Hardship grants disbursed	-	-	(3,529,880)	(3,529,880)
Principal received on loans receivable	15,614,244	-	1,148,670	16,762,914
Principal forgiveness disbursed	-	-	-	-
Grant awards	220,371	-	-	220,371
Program administration	(303,432)	-	-	(303,432)
Charges for services	-	-	-	-
Project administration	-	-	-	-
Net cash (required) by operating activities	12,755,688	2,180	(2,301,846)	10,456,022
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Funds received from EPA capitalization grants - Loans	2,991,280	-	-	2,991,280
Funds received from EPA capitalization grants - Principal Forgiveness	-	-	-	-
Transfers in	90,960	-	-	90,960
Transfers out	-	(90,960)	-	(90,960)
Net funds received from State of Utah	(3,329,280)	-	-	(3,329,280)
Net cash provided by noncapital financing activities	(247,040)	(90,960)	-	(338,000)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net investment income received	408,450	-	43,427	451,877
Net cash provided by investing activities	408,450	-	43,427	451,877
NET INCREASE IN CASH AND CASH EQUIVALENTS CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	12,917,098	(88,780)	(2,258,419)	10,569,899
CASH AND CASH EQUIVALENTS, END OF YEAR	56,864,383	523,730	10,774,400	68,162,513
	\$ 69,781,481	\$ 434,950	\$ 8,515,981	\$ 78,732,412
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 561,010	\$ 2,180	\$ (1,546,010)	\$ (982,820)
Changes in assets and liabilities related to operations:				
(Increase)/Decrease in loan interest receivable	10,534	-	-	10,534
(Increase)/Decrease in hardship assessments receivable	-	-	32,131	32,131
(Increase)/Decrease in amount due from EPA	(6,070)	-	-	(6,070)
(Decrease)/Increase in amount due from State	-	-	(1,000)	(1,000)
(Decrease)/Increase accounts payable	(2,849)	-	65,501	62,652
(Decrease)/Increase in deposits	-	-	(27,367)	(27,367)
(Decrease)/Increase in amount due to State	16,818	-	-	16,818
(Decrease)/Increase in amount due to Other Funds	-	-	(50,270)	(50,270)
(Increase)/Decrease accounts receivable	-	-	-	-
(Increase)/Decrease loans receivable	12,176,245	-	(774,831)	11,401,414
Net cash (required) by operating activities	\$ 12,755,688	\$ 2,180	\$ (2,301,846)	\$ 10,456,022

CWSRF Benefits Reporting

Loan: UT58		<input checked="" type="checkbox"/> Entry Complete	Tracking #: 196	Other #:
Borrower:	Echo SSD	Loan Execution Date: 12/19/2013	Incremental Funding: N	Phase #: 0
Assistance Type:	Loan and Grant	Loan Interest Rate: 0.00%	Original Tracking #:	Linked to Tracking#:
Loan Amount \$:	\$469,000	Repayment Period: 20	Same Environmental Results:	<input type="checkbox"/>
<input type="checkbox"/> Final Amount		% Funded by CWSRF: 76%	ARRA Funding:	<input type="checkbox"/>
Total from all Projects \$:		469,000	Multiple nonpoint source projects with similar Environmental Results: <input type="checkbox"/> Total NPS Projects: 0	

Project: 1 of CW Needs Survey Number : # of NPS Projects: 0

Project Description: Replacement of large underground wastewater disposal system.

Facility Name:

Population Served (Current) :

by the Project: 56
by the Facility: 56

Wastewater Volume (Design Flow) :

by the Project: 0.0640mgd Volume Eliminated/Conserved: 0.0000mgd
by the Facility: 0.0640mgd

Needs Categories:

VII-L Individual/Decentralized Systems \$469,000 100%

Discharge Information:

☐ Ocean Outfall ☐ Estuary/Coastal Bay ☐ Wetland ☐ Surface Water ☒ Groundwater ☐ Land Application
☐ Other/Reuse ☐ Eliminates Discharge ☐ No Change / No Discharge ☐ NEP Study ☐ Seasonal Discharge

NPDES Permit Number:

☒ No NPDES Permit

Other Permit Type: State Permit

Other Permit Number: N/A

Affected Waterbodies:

Waterbody Name

Waterbody ID

State Waterbody ID

Receiving Waterbody

Primary Impacted :

☐

Other Impacted :

☐

Project Improvement/Maintenance of Water Quality:

- a. Contributes to water quality Maintenance.
b. Allows the system to Achieve Compliance.
c. Affected waterbody is Not Assessed.
d. Allows the system to address..... ☐ Existing TMDL ☐ Projected TMDL ☒ Watershed Management Plan

Other Uses and Outcomes (Selected):

Groundwater Protection

Protection:

Primary

Restoration:

Primary

Other Public Health/Pathogen Reduction

Comments: \$150,000 from CDBG.